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**Finance Committee**

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**HB 2432**

**Brief Description:** Modifying property tax exemptions for persons with disabilities related to the performance of military duties.

**Sponsors:** Representatives Campbell, Morrell, McCune, McCoy, Appleton, Talcott, Linville, Conway, Sump, Springer, Green, Ericks, Dunn and Sells.

**Brief Summary of Bill**

- Freezes assessed value of home and provides excess and regular property tax relief for veterans of the U.S. armed forces with 100 percent service connected disability.
- Excludes military disability income from the income used to determine eligibility for the senior citizen and disabled persons property tax relief program.

**Hearing Date:** 1/27/06

**Staff:** Rick Peterson (786-7150).

**Background:**

Some senior citizens and persons retired due to disability are entitled to property tax relief on their principal residences. To qualify, a person must be 61 in the year of application or retired from employment because of a disability, own his or her principal residence, and have a disposable income of less than \$35,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a valuation freeze.

Disposable income is defined as the sum of federally defined adjusted gross income plus the following, if not already included: capital gains; deductions for loss; depreciation; pensions and annuities; military pay and benefits; veterans' benefits except attendant-care and medical-aid payments; Social Security and federal railroad retirement benefits; dividends; and interest income. Payments for the care of either spouse received in the home, a nursing home, boarding home or adult family home; payments for medicare insurance premiums; and payments for prescription drugs are deducted in determining disposable income.

Partial exemptions for senior citizens and persons retired due to disability are provided as follows:

If the income level is \$30,001 to \$35,000, all excess levies are exempted.

If the income level is \$25,001 to \$30,000, all excess levies and regular levies on the greater of \$50,000 or 35 percent of assessed valuation (\$70,000 maximum) are exempted.

If the income level is \$25,000 or less, all excess levies and regular levies on the greater of \$60,000 or 60 percent of assessed valuation are exempted.

In addition to the partial exemptions listed above, the valuation of the residence of an eligible senior citizen or disabled person is frozen at the assessed value of the residence on the later of January 1, 1995, or January 1 of the assessment year the person first qualifies for the program.

Veterans of the U.S. Armed Forces with 100 percent service-connected disability are eligible for the same property tax relief as senior citizens based on their income.

**Summary of Bill:**

Veterans of the U.S. armed forces with 100 percent service connected disability are eligible for the same property tax relief on their homes as provided to senior citizens with income below \$25,000. They are exempt on all excess levies. The assessed value of their home is frozen and they are exempt on regular levies on the greater of \$60,000 or 60 percent of assessed valuation.

Military disability income is no longer included in combined disposable income when determining eligibility for the senior citizen and disabled persons property tax relief program.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.